

2019 REPORT

Online Shopping Study



Methodology

Survey conducted by
Pitney Bowes with Caravan International

Sept 6-11, 2019
8031 online shoppers 18+ years old

Countries surveyed:

- Australia – 1005 respondents
- Canada – 1004 respondents
- China – 1004 respondents
- Mexico – 1005 respondents
- UK – 1004 respondents
- US – 3009 respondents

pitney bowes



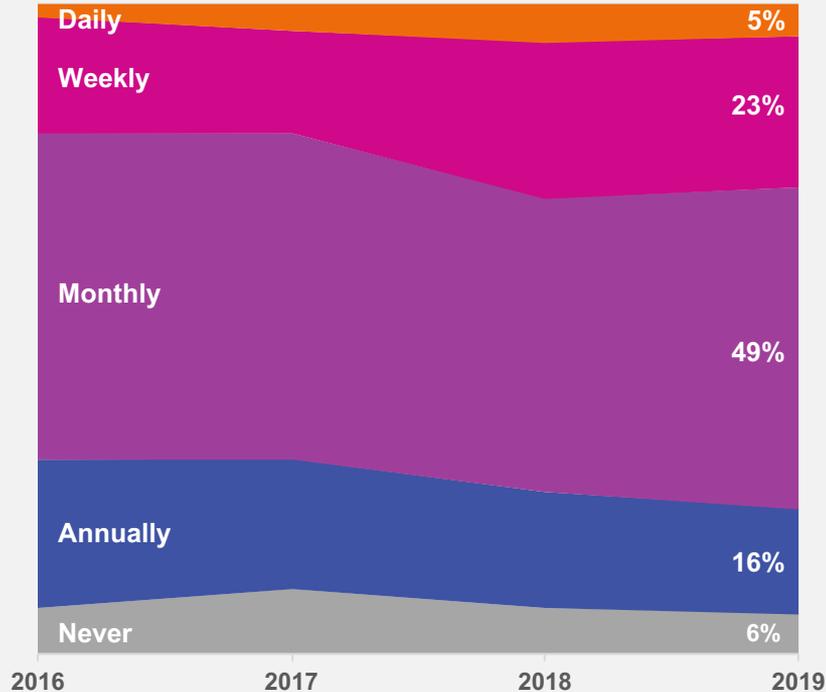
Macro Trends

Pitney Bowes Online Shopping Study 2019

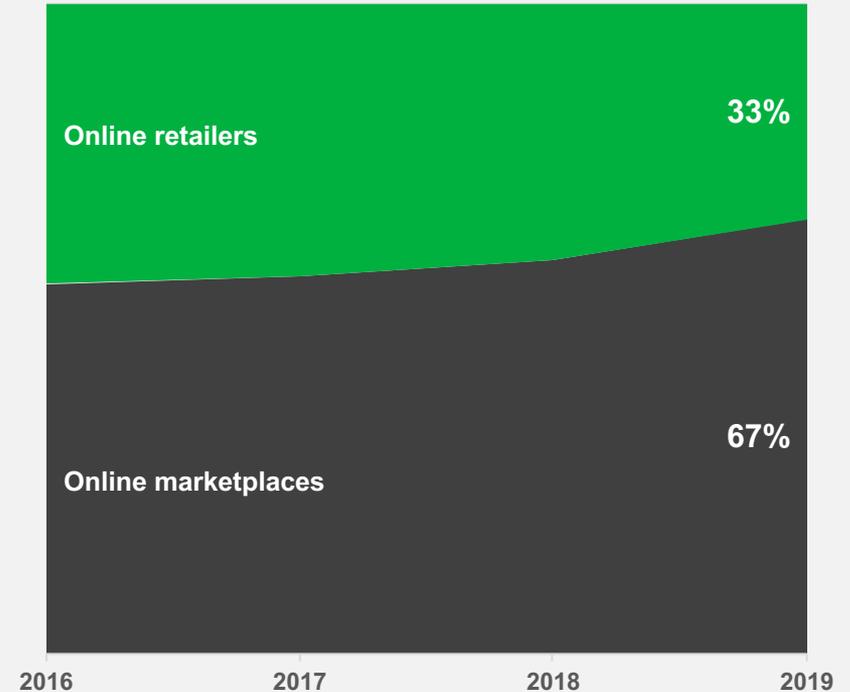
The overall ecommerce market is growing

While online retailers see more competitive pressure from marketplaces

US consumers are purchasing more frequently online...



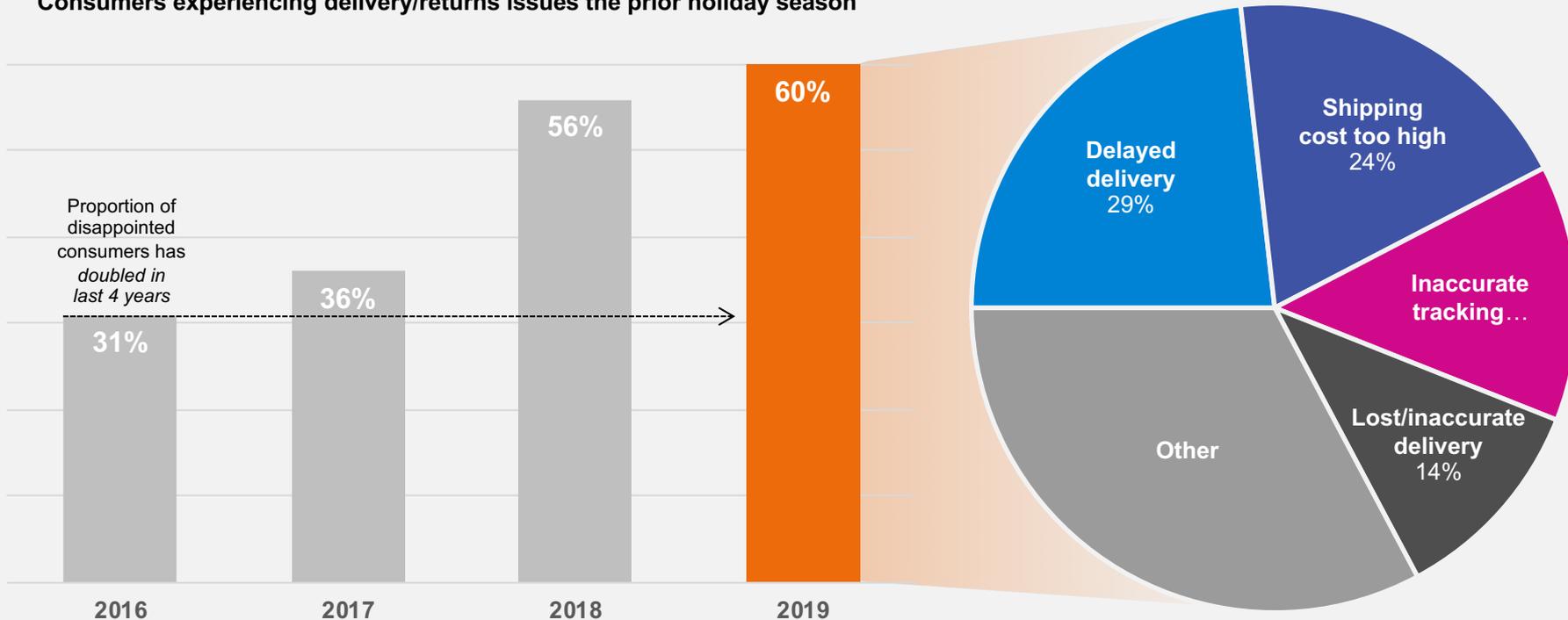
...but a faster-growing majority of those purchases are on Amazon & other marketplaces



Consumers are shopping online more often

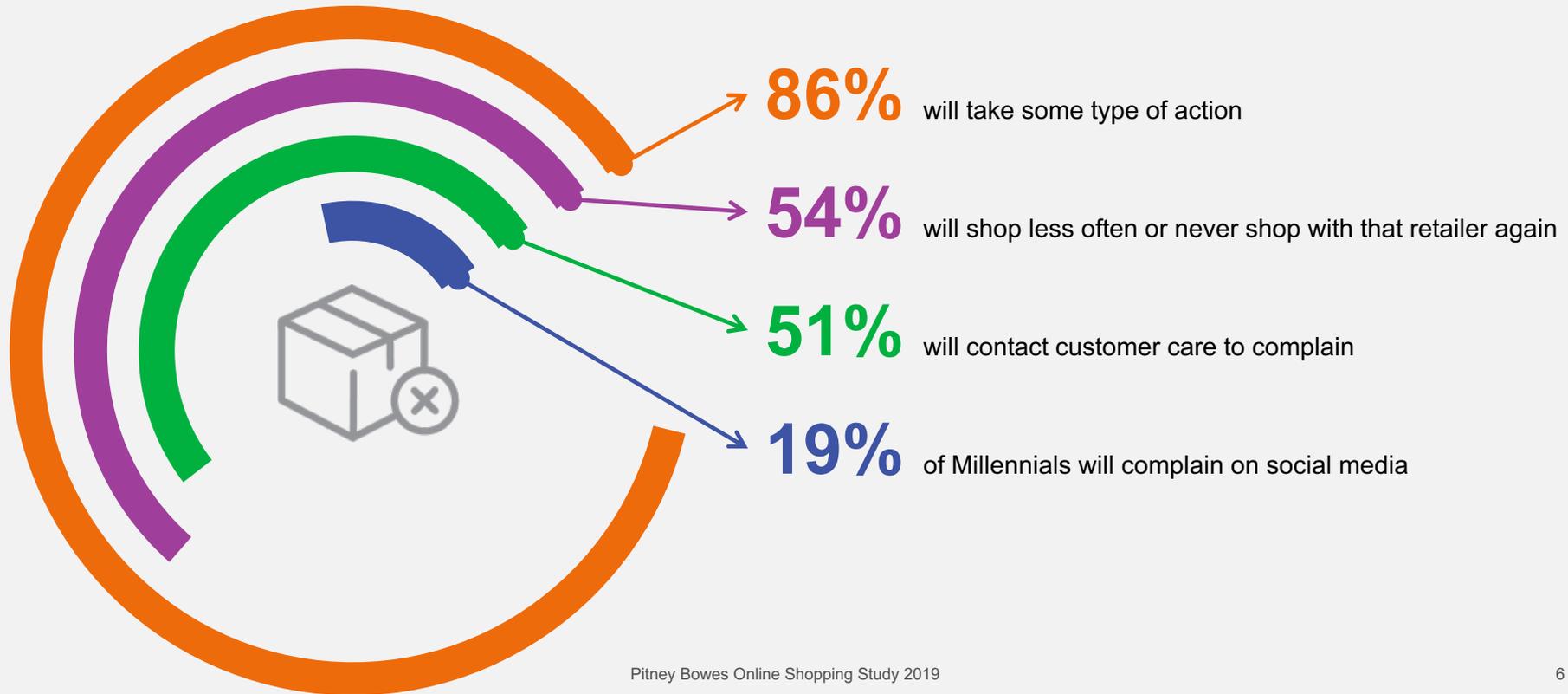
But they're getting disappointed even more frequently

Consumers experiencing delivery/returns issues the prior holiday season

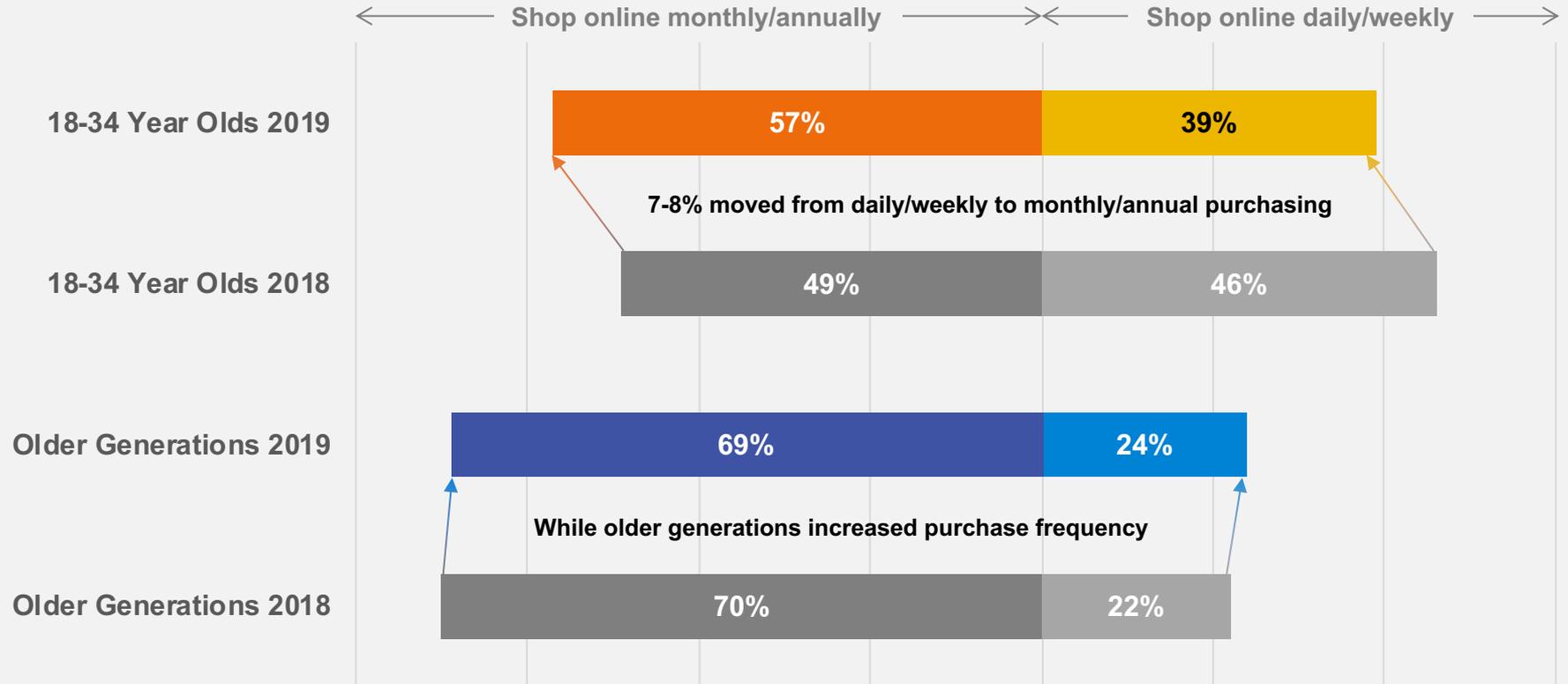


One bad delivery experience has ripple effects

One-third of consumers will never shop with that brand again

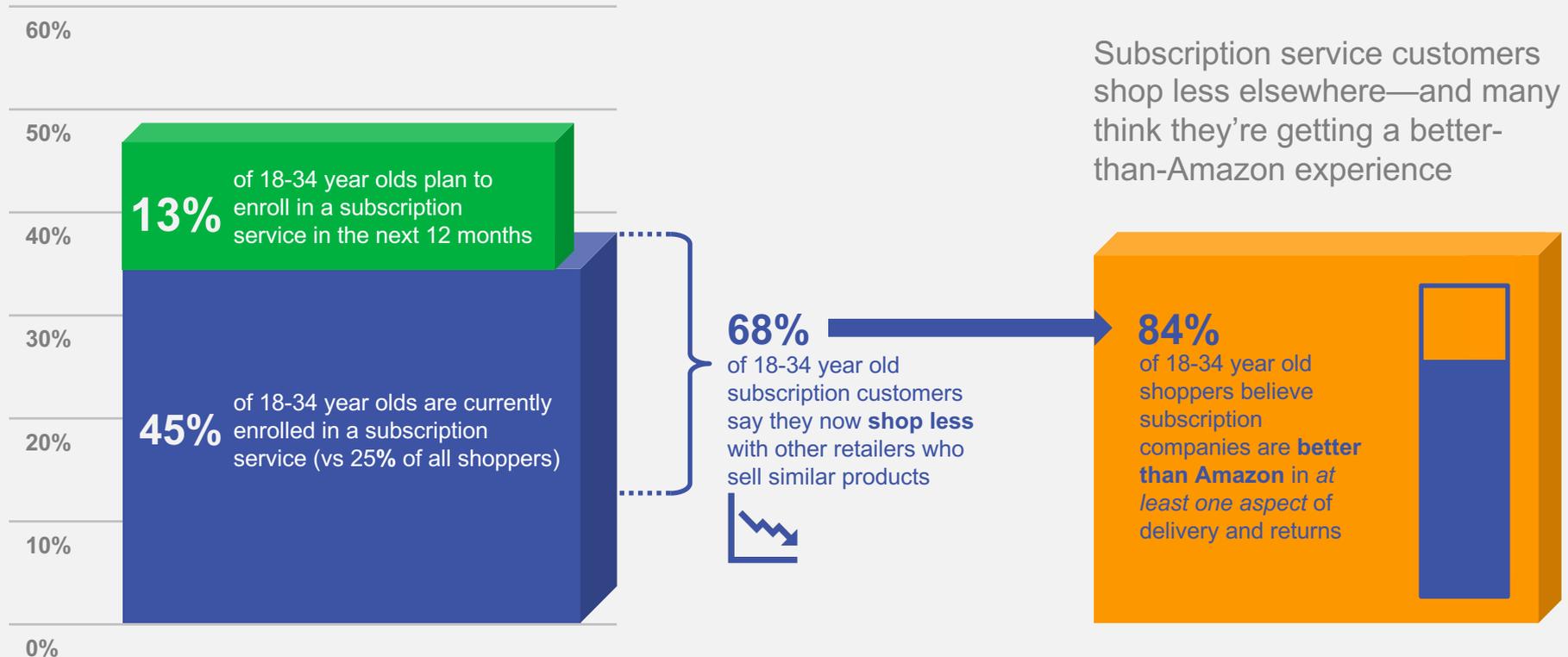


Why are younger consumers shopping online less often?



Subscription services are changing buying behaviors

Consumers 18-34 years old are leading the way



Summary // Macro trends

1. Ecommerce continues to grow as **consumers shop online more often**
2. More online purchases end in disappointment—**delivery issues** plague consumer experience
3. Just one poor experience can have **dire consequences** for brands and retailers
4. Younger shoppers are changing buying behaviors, led partly by the growth of **online subscription services**

Delivery

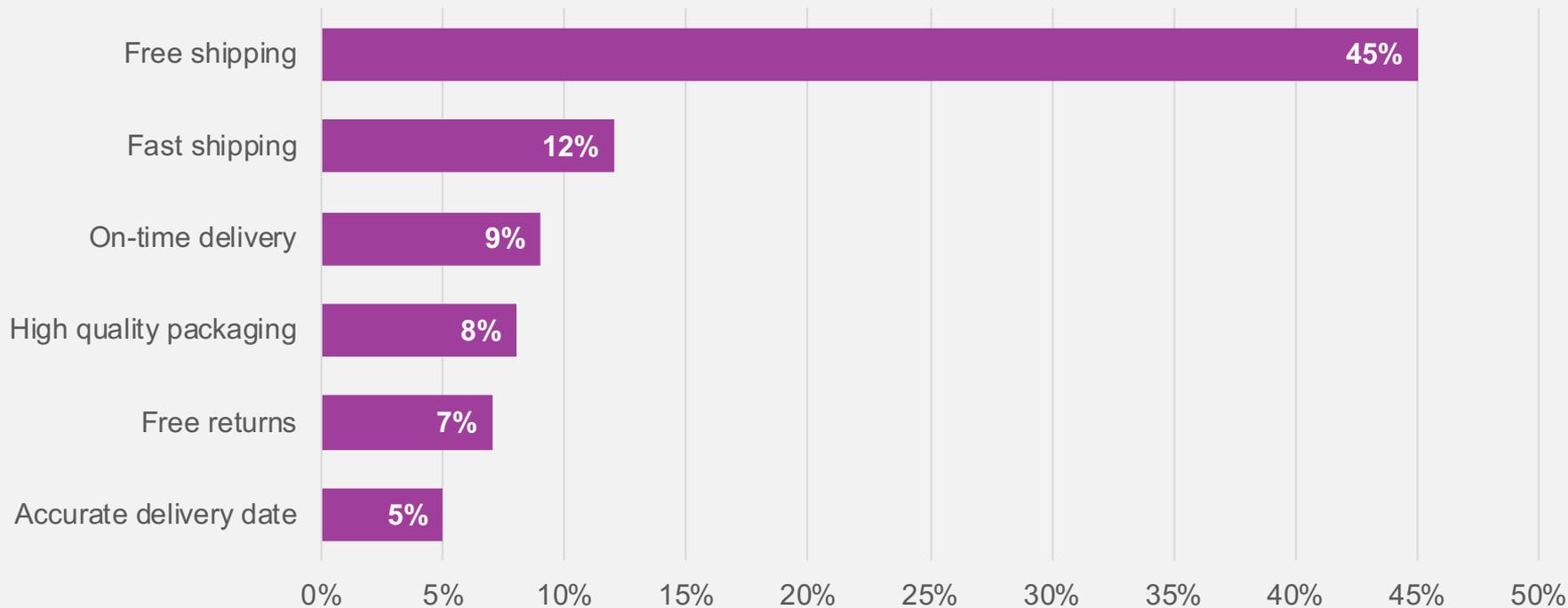
Consumers still prefer free over fast shipping

If they had to choose



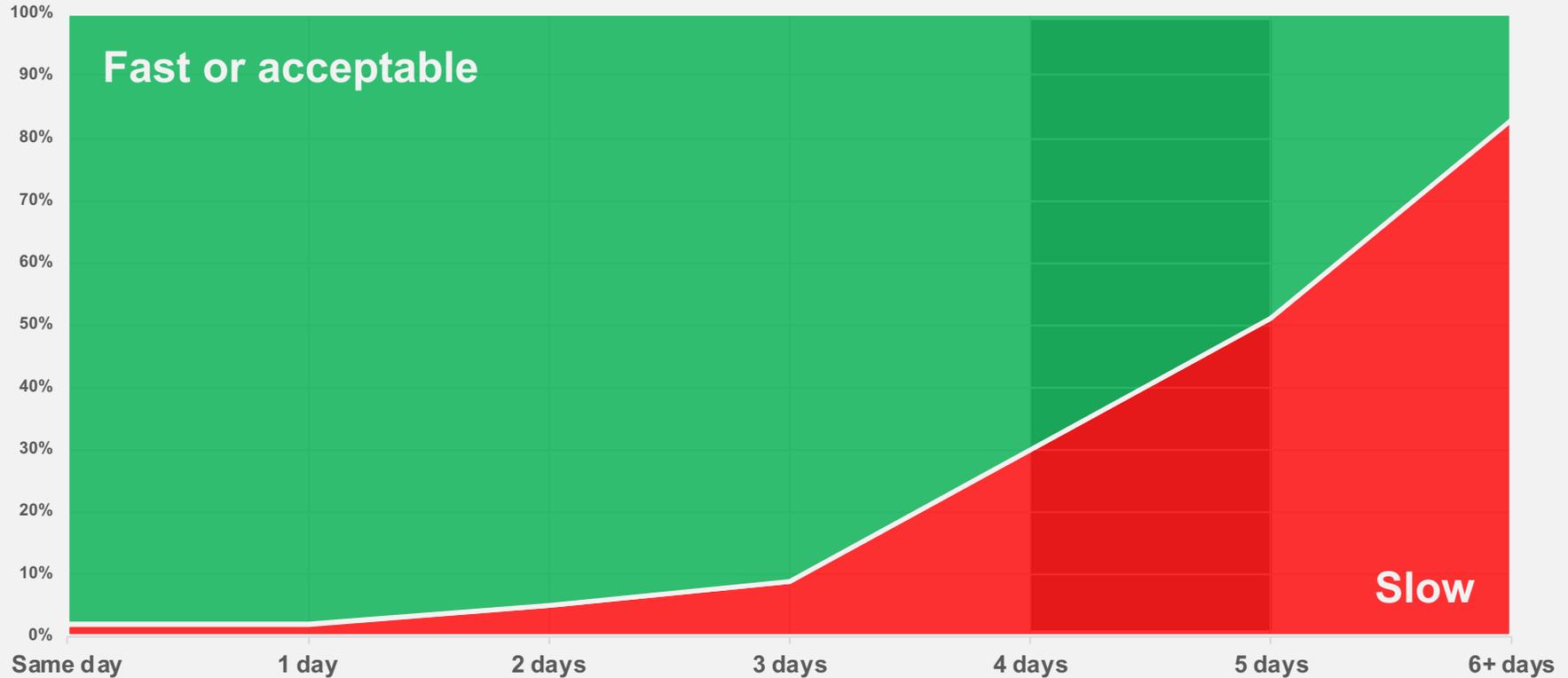
Free shipping is the #1 driver of repeat purchases

Among post-purchase experience options. It's ~4x more popular than fast shipping.



How fast is 'acceptably' fast shipping (when free)?

Most consumers think the tipping point is around 4-5 days

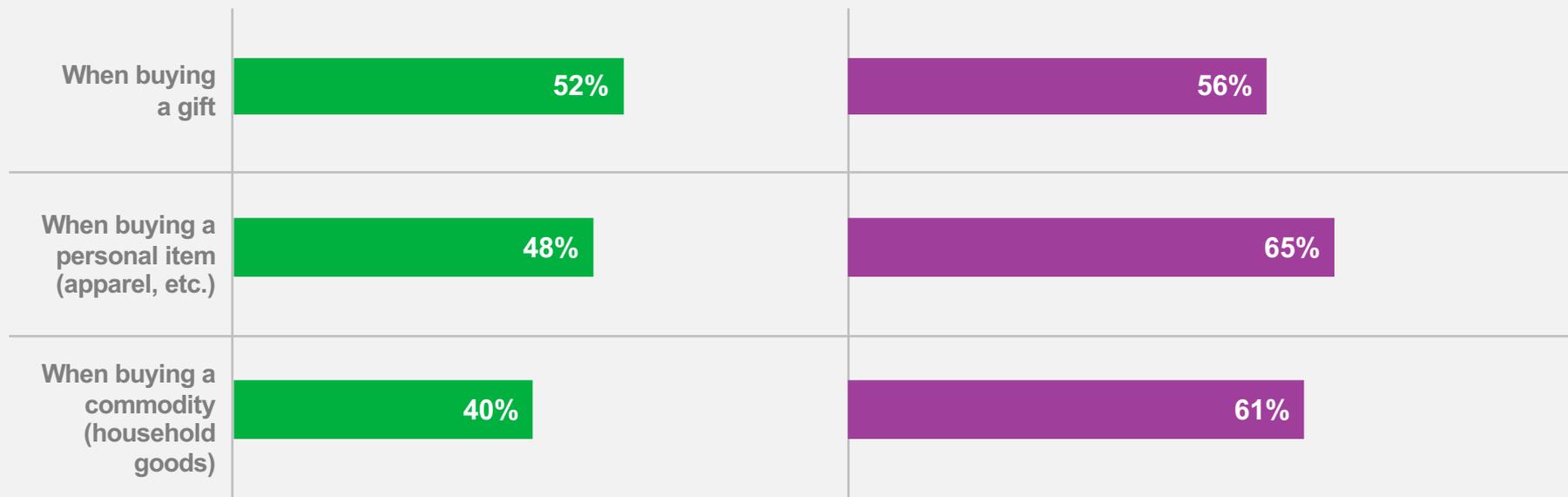


Consumers are even willing to negotiate 'fast'

Based on what they're buying

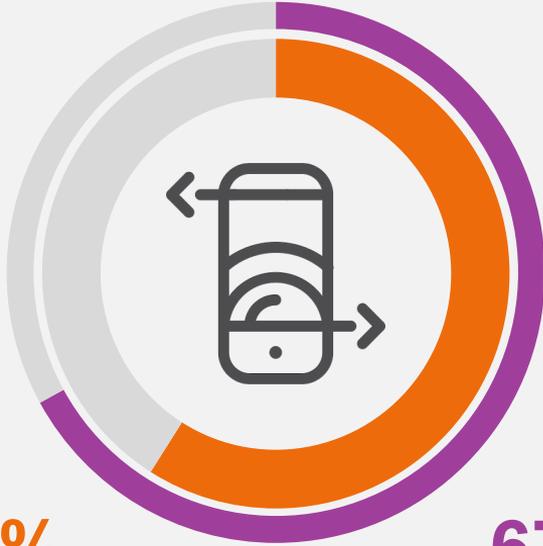
Will choose 4+ day delivery
with discount/credit
or delivery scheduling

Will choose 6+ day delivery
for *exact* item they want
(vs a 'good enough' item in ≤3 days)



'Slower' shipping may be acceptable

But that doesn't make waiting any easier—consumers want more tracking information



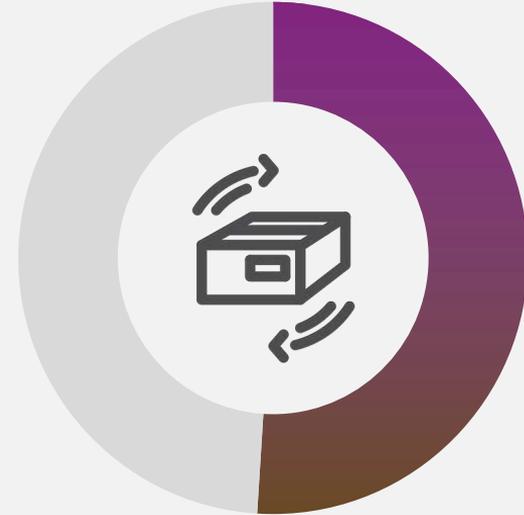
59%

of **all consumers**

track their packages daily or multiple times per day

67%

of **Millennials**



51%

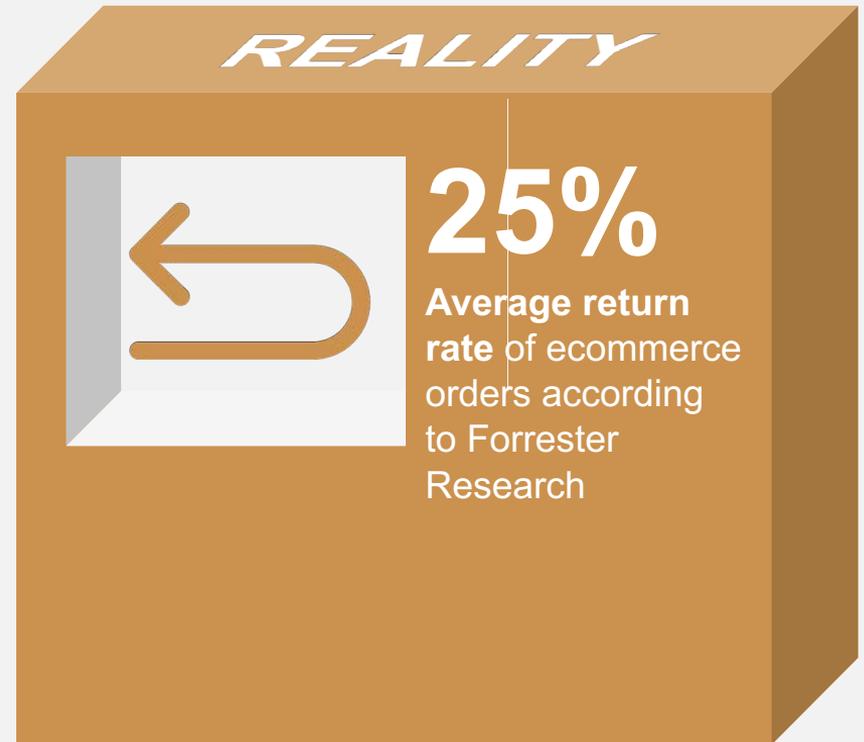
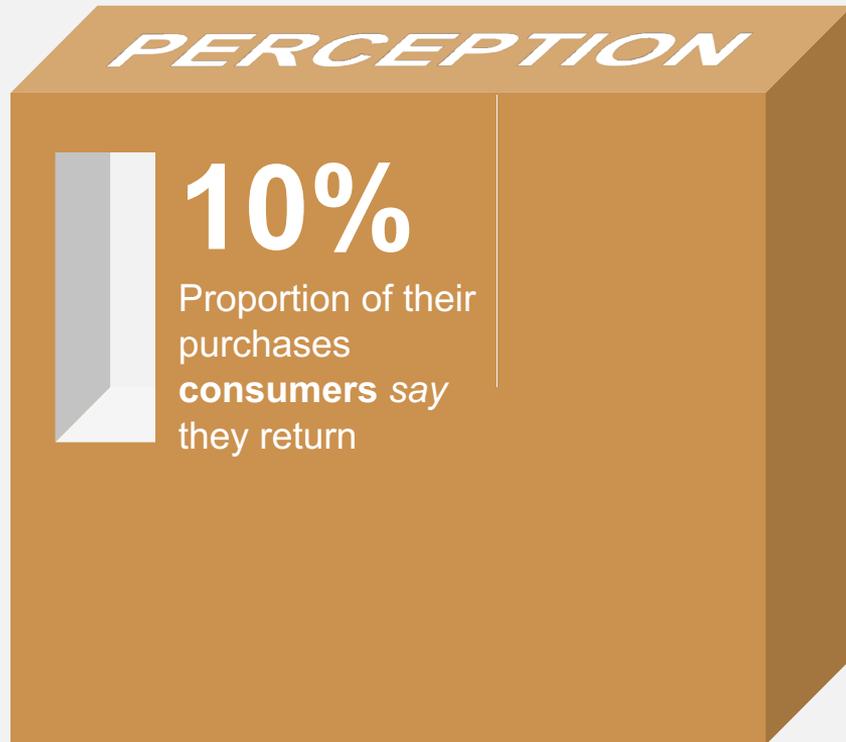
have either enrolled or are interested in enrolling in a **carrier tracking program** (UPS My Choice™, FedEx Delivery Manager™, etc.) vs. relying solely on retailers for visibility

Summary // Delivery

1. **Free shipping** beats fast shipping—almost every time—driving more loyalty
2. ‘Acceptably’ fast shipping can take as much as **5 days**—if shipping is free
3. Consumers will **wait even longer** if the product is unique or with a good promo
4. Regardless of delivery speed—**tracking is critical**, and many retailers are leaving this up to carriers to solve

Returns

Consumers don't think they return as much as they really do



“Bracketing” can now be called “buying”

A majority of consumers now purchase multiple sizes/colors of a product with the intent to return what doesn't work

51%

of all consumers confess to bracketing

44%

of bracketers say they 'always' or 'frequently' do so

27%

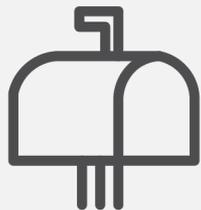
of men say they 'always' or 'frequently' bracket, while only...

19%

of women say they 'always' or 'frequently' bracket



Shoppers love home pickup & labels in-the-box



Among consumers, home pickup of returns is...



3x more popular than carrier drop-off...



and *nearly 4x more popular than return in-store...*



72%

of consumers prefer when retailers include pre-printed return labels in the shipped package

'Trunk time' makes refunds appear slower

Shoppers hold onto returns for an additional 4 days when drop-off is required



+4 days
average trunk time

+5 days
among Millennials

+8 days
Shoppers who return
>50% of their purchases



64%
of consumers liken slow refunds
to **getting a root canal**

4.5x
speed of Amazon refunds versus
the average online retailer

PB CXO Study, 2017

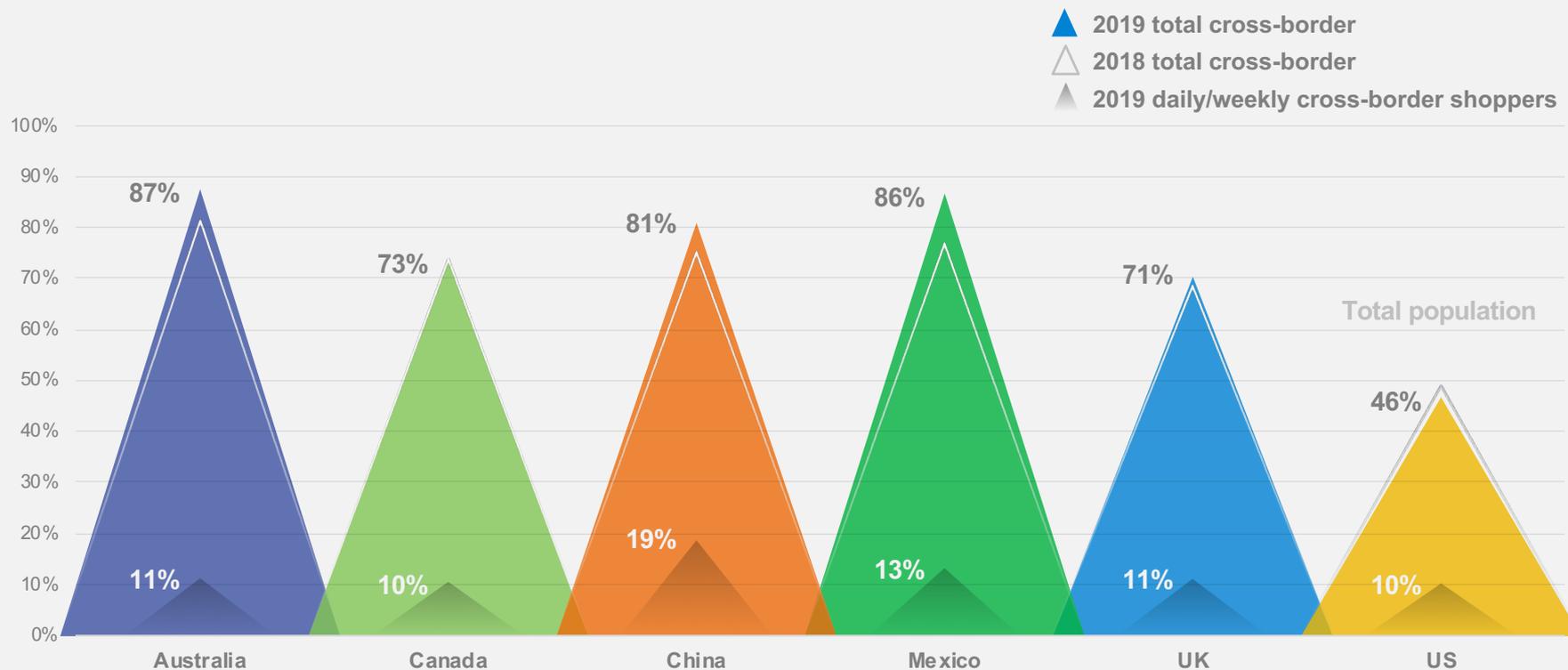
Summary // Returns

1. Consumers don't realize how much they return—meaning it's become **part of the fabric of shopping experience**
2. In fact, **most consumers** are now purchasing with full intent to return some items (aka bracketing)
3. Home pickup and labels-in-the-box are the **most convenient** returns options
4. Consumers **hate slow refunds**—and forcing a consumer to drop-off a return adds **4 days of “trunk time”**

Cross-Border

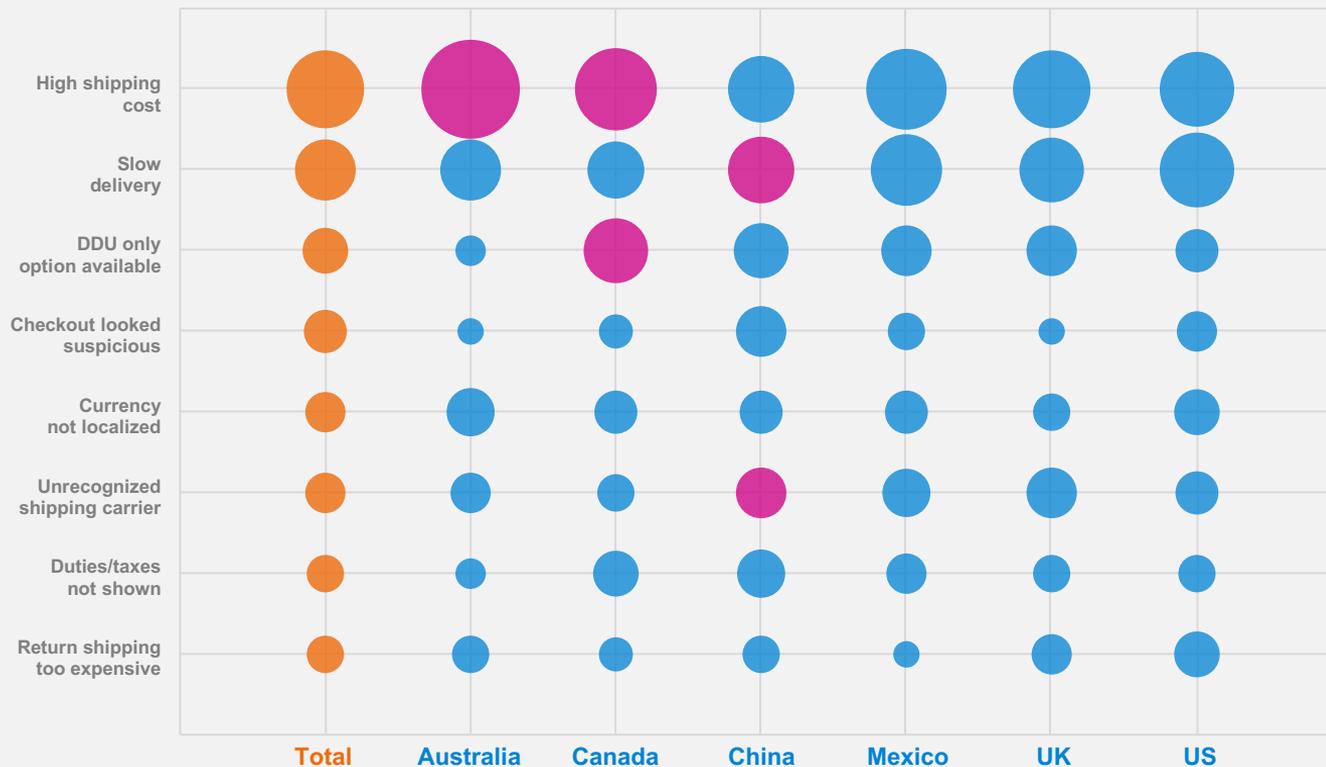
Cross-border ecommerce adoption is up globally

Except in Canada & the US, which are flat to down slightly YoY



Top reasons for cross-border cart abandonment

Shipping cost/speed are top concerns. Except in Canada, where incoterms annoy.



Country callouts

- With the government's introduction of new cross-border taxes (GST), Australian consumers are reacting to **higher duties & taxes being incorporated into shipping quotes**
- According to Pitney Bowes' shipping data, nearly half of all Canadian cross-border orders are shipped to the **Toronto metro area**—much closer to import hubs and should therefore typically lower cost. Retailers are advised to verify true rates/cost for these shipments.
- Canadian consumers are savvy cross-border shoppers. Retailers should provide both DDP and DDU incoterms for these customers to maximize flexibility.
- Same-day and 1-hour free delivery is more mainstream in China than in other countries—made possible by **local carriers** owned by/partnered with major marketplaces

9 out of 10 US cross-border shoppers buy from China sellers

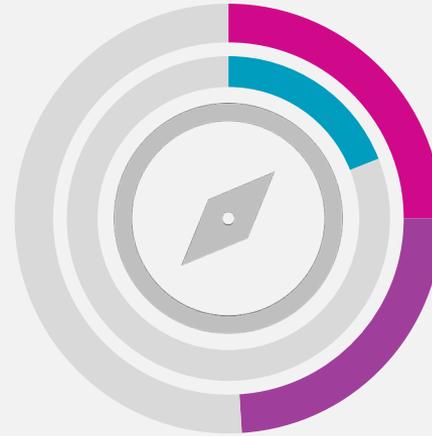
Either via marketplaces or direct sale



86%
of consumers who buy from
China-based sellers are
**disappointed by the delivery
experience**



40%
felt the delivery **took longer
than they expected**



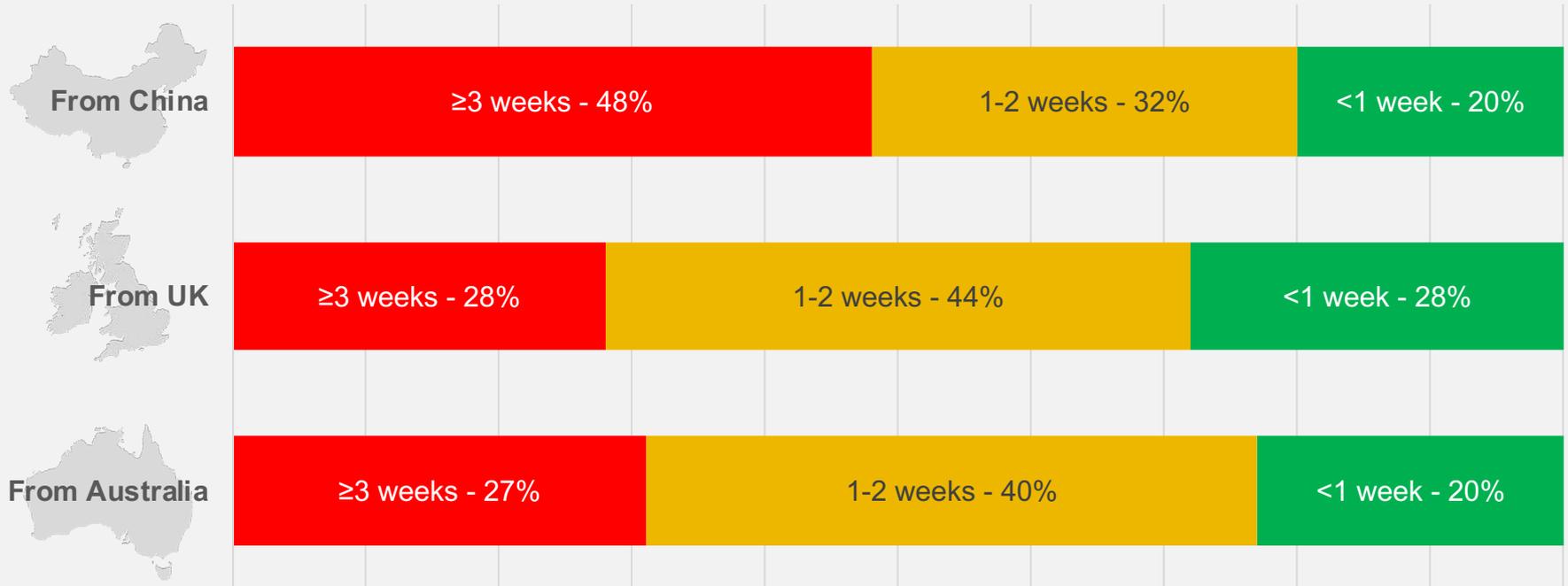
25%
didn't receive tracking information

24%
received inaccurate tracking information

19%
couldn't find or navigate the tracking site

Shopper disappointment isn't always driven by high expectations

US cross-border shoppers have reasonable (and even low) expectations on international transit times



Summary // Cross-border

1. Cross-border ecommerce **continues to gradually grow**, despite trade tensions
2. Shipping cost and slow delivery—as with domestic shopping—cause consumers to **abandon online cross-border purchases** most
3. 90% of US cross-border shoppers buy from China-based sellers—and **nearly 90% of those shoppers are disappointed** by the delivery experience
4. US cross-border shoppers have **reasonable expectations** on international transit times